
The Key Players – For Buyers



Realtor (Real Estate Representative)

Driving around aimlessly following “open” arrows and looking at “open” houses on Saturday or Sunday is almost always a waste of time for a buyer. Most buyers arrive at these “opens” and realize that either they can’t afford the home or the property just isn’t suitable.

Hire a good realtor! He/she will save you a considerable amount of time and effort and will screen out most of the homes that wouldn’t be on your wish list. The realtor’s fee is normally paid by the seller. Realtors should be comfortable to work with, honest, helpful and earnest in their desire to find you the right home. They should be knowledgeable in all real estate matters, “on top” of the market and quick to show their buyers the appropriate new listings.

Some realtors deal with more buyers than they do sellers, so it is quite common not to see a realtor’s name in the newspapers. This doesn’t mean that they aren’t out there in the market place selling homes though.

Your representative will give you invaluable advice on how to prepare your Contract of Purchase and Sale. He/she should include conditions that will safeguard your best interests and give you guidance as to what would be a realistic price to offer. Some properties are overpriced. Your realtor should tell you which homes are and why he/she thinks so. Realtors will also provide you with good guidance regarding choosing other team players such as lawyers, mortgage brokers and others.

Once you have chosen your sales representative, be loyal to him/her. A good realtor will invest many hours of their time searching for the “perfect” home for you. Realtors have “agent’s opens” and your realtor will tour and preview prescheduled homes with your interests in mind. Don’t work with several realtors at the same time because if they find out that you are, they won’t try as hard to find you a home and they may even stop calling you entirely.

Ask yourself, would you want to invest your time in someone that may eventually buy through another person other than yourself? Wouldn’t a realtor better spend his time with someone who he is assured of selling a home to? You bet. Remember that a realtor must earn a living too – just like you.

Lenders & Loans Officers

Most lenders will “pre-approve” a buyer for a mortgage and some will even do it over the phone. It costs you nothing to arrange for a mortgage before finding the home you wish to purchase and there is no obligation.

Make sure you know how long the interest rate commitment is good for. Keep in mind, that if interest rates drop, the Lender must give you the lower rate. However, you must take the initiative and follow up on this as Lenders deal in volume and aren't necessarily concerned about your welfare.

Shop around. All banks, trust companies, credit unions, etc. offer varying terms and options. Find the best deal for you. Credit Unions handle only members but it only costs a nominal fee to join one and sometimes they can offer greater flexibility than banks.

Your loans officer's experience is important. As in any occupation there are good apples and some, not-so-good apples. If you are unfortunate enough as to engage an inexperienced junior loans officer, you can be sure that your mortgage application process will not go as smoothly as you would wish. The consequences could be either harmful delays or worse.

You will find that mortgage lending can vary among branches of the same lending institution. Why? Some loans officers “go by the book” and other, more experienced officers know where and how “to bend the rules” a little.

Mortgage Brokers



Mortgage brokers are independent and represent a variety of banks, trust companies and private lenders. Brokers deal with discount only divisions of the big banks and can sometimes offer 1 to 1.5 points below what the banks have posted.

Every mortgage broker in Canada is online with all of the major lenders and can get you pre-approved or completely approved within 24 to 48 hours of taking the application, usually without fuss, muss or bother.

The broker will have you complete an application form and will then “package” it and forward it electronically to a lending institution for approval. Usually, an independent broker will try to find a lender with the terms, conditions and rates that are most advantageous to you. The Lender never even sees the customer.

Brokers usually don't charge a fee for this service as they most often receive a “finder's fee” directly from the lender.

However, if you have a poor credit history and are difficult to finance, a broker will probably invoice you for services rendered (usually a small percentage of the mortgage amount).

A mortgage broker **is not** paid a salary like a loans officer. They earn their money through commissions and do not get paid until the customer completes on their home purchase – so the incentive to give their customers great service is there! Most have a great deal of experience (unlike some bank loans officers) and are well qualified to meet your needs.

While many bank employees are motivated to lend at higher rates with fewer borrower privileges, a broker's payment is based on the size of the mortgage and the length of the term selected. The mortgage broker is not getting compensated more when the client pays a higher interest rate.

Using a broker instead of shopping for a loan by applying at different banks yourself, can help your credit rating. Each time a lender pulls a credit report, your FICO score lessens and your ability to obtain credit decreases. A broker can shop among multiple lenders while making only one inquiry to the credit bureau. You may not know it, but the same situation happens when you shop for a car, apply for credit cards, etc. The more inquiries on your credit report, the harder it is to get financed.

Property (Home) Inspectors

Always have a home inspected. For a nominal fee paid by the buyer, an inspector can provide some assurance about the condition of the residence about to be purchased and an approximation of how much it will cost to do repairs. A detailed written report will be supplied.

As inspectors are unregulated in Canada, a buyer would be wise to inquire about the inspector's qualifications and whether they carry insurance or not.

In addition to the normal property inspection, it may be wise to consider hiring a specialist regarding the condition of the home's roof or pool, etc., if there is concern that there may be a problem. Some inspectors specialize in condominiums only and may do a more thorough inspection than those that do not.



Builders/Contractors

Make sure that the builder you hire to erect your dream home or renovate your existing one has sound credentials. Ask for references and if possible, visit previous sites he has worked at. Speak to his clients to ensure that they were satisfied with the price, length of time in which the project was completed and overall, how the project was handled.

If you are buying directly from a developer make sure that he/she is licensed. A registry of licensed residential builders exists on the web site of the B.C. Homeowner Protection Office. All



contracts with a builder should be very specific about all construction details right down to when the job will be completed – in writing of course.

It is imperative that a buyer understands whether or not he/she is protected with warranties and to what extent. Don't neglect to receive advice with respect to appropriate holdback or deficiency provisions. Remember, GST is payable on new homes. Make sure that this tax is addressed in writing as to who is responsible for it and who is entitled to the rebate.

Get estimates from several contractors and ask them to explain in detail their quotes, keeping in mind that the lowest price is not always the best. Some contractors may have budgeted for higher quality materials whereas some may originally have bid low to get the job and then plan to submit additional projects costs once the job is underway. Always note in writing the specific finishes and brand names of the products to be installed.

Appraisers

The lending institution will, in most cases, want their appraiser to evaluate the home and property you have chosen to purchase. Lenders want to be assured that the value of the security is worth the risk before they advance you a mortgage. Normally, an appraiser does an analysis of recent sales of comparable homes in the area by comparing lot, home size, age, condition, etc.

The buyer will be charged a small fee by the lender for this service. Sometimes, if a buyer has a large down payment, the lender may waive the appraisal requirement.

Sellers will sometimes have an independent appraisal done on their home before they place it "for sale" on the real estate market. Buyers have this option as well. However, the cost of procuring an independent appraisal is far more than what lender's charge and you may be wiser in the long run to ask your realtor to do a C.M.A. (current market analysis) on the home you have chosen to buy.

Lawyers/Notaries

Shop and compare. A lawyer's fee to do a conveyance can sharply differ from his/her competitors. The "disbursements" which include such items as title registration, photocopying, messenger service, etc. are usually approximately the same among lawyers as these are basically "set" costs.

A notary public is not always cheaper than a lawyer and is not formally trained, qualified or allowed by law to provide a legal opinion on any subject matter. Lenders in days gone by wanted their own lawyers to draw up the mortgage documents. Not anymore. Buyers are free to choose



almost any lawyer/notary to do their conveyance, which includes the mortgage document and Certificate of Title (deed).

There are many excellent lawyers/notaries who specialize in real estate law. If you are feeling insecure about your purchase, you can always have your lawyer approve the form of the documentation. The buyer normally pays for all documentation regarding the new mortgage, transfer of title and disbursements and the seller pays for clearing title of all existing financial encumbrances on title, i.e. a mortgage.

Insurance Brokers

Comparison shop before you buy a home. Brokers offer a wide range of policies and coverage and premiums do differ. Banks are usually more expensive than independents. Property insurance is a must because it covers damage or destruction to an insured property caused by perils such as fire and flood. Your lender will want evidence of your coverage before they advance any mortgage monies, as they want to be assured their loan is secured in this regard. It is important to obtain replacement cost coverage.

Condominiums and townhouses need only to have liability and "contents" insured. The monthly maintenance fees cover the property insurance for the structure itself. Mortgage life insurance guarantees that if you die your mortgage will be paid in full. If you can afford it, it provides security for your children and spouse.



Choosing the right representatives from the start is key to any smooth and worry free real estate transaction.